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83rd Annual Report

of

Chief Consolidated

Mining Company

M/049/009

FOR THE YEAR ENDED

D E C E M B E R

T H I R T Y - F I R S T

NINETEEN HUNDRED

AND NINETY ONE

Including 1991 Annual Report on Form 10-K
as filed with the Securities and Exchange Commission

Chief Consolidated Mining Company

General Mining Offices: Eureka, Utah 84628

Executive Offices: 866 Second Avenue, New York, N.Y. 10017

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COMMON STOCK

1992 Market Price	High	Low
First Quarter	1 $\frac{7}{8}$	1
Second Quarter (through June 2nd)	1 $\frac{5}{8}$	1 $\frac{1}{4}$
1991 Market Price	High	Low
First Quarter	3	2 $\frac{1}{8}$
Second Quarter	2 $\frac{3}{8}$	1 $\frac{3}{4}$
Third Quarter	2 $\frac{1}{4}$	$\frac{7}{8}$
Fourth Quarter	1 $\frac{1}{8}$	1 $\frac{3}{16}$
1990 Market Price	High	Low
First Quarter	5 $\frac{3}{8}$	4
Second Quarter	4 $\frac{5}{8}$	4
Third Quarter	4 $\frac{3}{4}$	4
Fourth Quarter	4 $\frac{1}{4}$	2 $\frac{1}{8}$

Chief Consolidated Mining Company common stock is traded on the Pacific Stock Exchange (Ticker Symbol: CFCP) and NASDAQ (Ticker Symbol: CFCM).

PREFERRED STOCK

Due to the relatively few shares outstanding (1991—7,401, 1990—7,722), a price for the preferred stock is occasionally quoted on the O-T-C market. The Company maintains an open offer to preferred shareholders to exchange their preferred stock for common stock on a share for share basis.

RECEIVED

JUN 26 1992

DIVISION OF
OIL GAS & MINING

PRESIDENT'S LETTER TO SHAREHOLDERS

To Chief's Shareholders:

In view of your Company's involvement in unusual and complicated matters, included in this year's Letter to Shareholders are comments relating to several important questions that have been posed by individual Chief stockholders.

First, there follows a current overview of your Company's property holdings and other assets:

Chief is a significant owner of land in the State of Utah. In addition to the 14,200 acres owned by Chief, it controls an additional 2,000 acres of unpatented mining claims and mineral leases.

Sunshine Mining Company holds two long term leases covering 6,437 acres of your Company's mining properties. One lease covers 1,387 acres that comprise the Burgin Mine property. In this area Kennecott, under an earlier lease, constructed a concentrating mill, an operating mine (the Burgin) containing three operating shafts and support buildings and other fixed equipment that comprise a mining complex.

In 1986, Sunshine completed a drilling program successfully delineating over one million tons of proven and probable ore reserves. The U.S. Securities and Exchange Commission approved Sunshine's use of these Burgin reserves in Sunshine's various SEC filings and prospectuses. The reserves, which are reported in detail on page 3 of Chief's 1991 10-K included in this report, have an in-place gross value, at current metal prices, in excess of \$420 million. At the time of the establishment of these reserves, Sunshine reported to Chief, "We feel we can increase the proven reserves from approximately one million to three million tons in the next three to four months at no additional costs over our present Burgin costs." This was never done. Since the inception of Sunshine's lease of Chief's Burgin property in 1980 and despite many promises, both public and private, Sunshine has not implemented any of its various mining plans to bring the Burgin Mine into production.

The concentrating mill, buildings, shafts, fixed equipment and other structures built by Kennecott on the Burgin property have a replacement value totaling several tens of millions of dollars. These assets are not included on your Company's Balance Sheet. Also not reflected on Chief's Balance Sheet

is the value of the Burgin Mine's proven and probable ore reserves. The fixed assets that appear on Chief's Balance Sheet reflect primarily the cost of property purchased in the early part of this century less depreciation and depletion charged during the fifty years that Chief was an operating mining company. These Burgin Mine assets and ore reserves, however, although located on and beneath Chief's property, are not under the control of your Company. This key fact is central to the legal actions taken by your Company against Sunshine.

Your Company's additional mining properties and holdings comprise over 9,700 acres in the Tintic Mining District, including several mines operated by Chief many years ago. This area was leased about six years ago by ASARCO Inc., and subsequently to Western Mining Company. Both of these leases have been terminated. It is from these lands that North Lily Mining Company is heap leaching Chief's old mine dumps for their low grade gold content. North Lily completed the processing of Chief's Centennial Eureka Dump in 1991 and two small Chief dumps in the first quarter of 1992. North Lily is presently installing equipment to process Chief's Eagle Dump which is expected to commence by July 1, 1992.

* * * * *

The following comments relate to questions asked by individual Chief shareholders concerning your Company's lawsuits against Sunshine and other matters:

Many shareholders have asked why Chief sued Sunshine and why are there two separate cases. In June, 1989, when Chief's initial lawsuit was filed, the Burgin Lease was approximately nine years old. During that period, Sunshine had formulated at least three economically viable mining plans that it never implemented. Sunshine was successful, however, in utilizing your Company's proven and probable Burgin reserves in Sunshine's SEC filings and prospectuses to raise funds by means of the sale of its stock and bonds to the public through Drexel Burnham Lambert's underwritings totalling over \$100 million. Chief's lawsuit in the Federal District Court challenges Sunshine's acts in utilizing

Chief's reserves to raise funds without moving forward to actually mine them. The Federal lawsuit against Sunshine was levelled under the Federal racketeering statute (RICO).

Chief's contract and tort claims against Sunshine were split-off from the Federal lawsuit and moved to Utah state court. Chief's lawsuit filed in the Utah State District Court involves, among other claims, Sunshine's non-performance under expressed and implied obligations to open the mine for production and its refusal to deal fairly with Chief.

The results to date of your Company's Federal and state lawsuits against Sunshine are summarized as follows. There was a ruling against Chief in the Federal court in the RICO case based upon Sunshine's argument that, since Chief was not a purchaser or seller of any Sunshine securities, it could not bring a RICO action against Sunshine that was premised upon securities laws violations. Chief currently has that ruling on appeal before the U.S. Court of Appeals, Tenth Circuit. In March, 1992, the U.S. Supreme Court ruled on a case that involved a similar issue. Although the court did not rule directly on the point, four U.S. Supreme Court Justices did express a view that there was no so called buyer-seller requirement, prompting the New York Times to report: "The result makes it likely that sometime in the near future, the Court will accept another case that raises the RICO securities fraud issue. With four Justices already on record, it is likely the Court will resolve the issue in favor of investors." This projected result would mean that a RICO action could properly be brought by a non-buyer or seller (such as Chief).

In the Utah state lawsuit, the Utah District Court, in August, 1991, dismissed Chief's principal claims relating to Sunshine's failure to proceed with the mining of your Company's properties. The Court concluded that Sunshine had no obligation to develop or mine any of Chief's properties including the Burgin Mine. The Court left several of Chief's other claims intact. This decision is currently under appeal by Chief to the Utah Supreme Court until the issuance of an opinion of the Utah appellate court, and those claims that were not dismissed by the lower court have been stayed until the issuance of that opinion. Your Company and its counsel believe that the lower court's ruling was in error.

Several shareholders have asked if Chief had ever offered to change the structure of its leases with Sunshine if that would have facilitated the re-opening of the Burgin Mine. In January, 1989, as a

result of a meeting in December, 1988, between Chief's Board of Directors and Sunshine officials, Chief presented to Sunshine a formal 50/50 joint venture proposal to implement Sunshine's 1988 Burgin Mining Plan. Your Company was willing to give up its royalties and to contribute funds, at least for the initial phase of the project, in order to induce Sunshine to fulfill its obligation to bring the Burgin Mine into production. Sunshine officials never responded to Chief's proposal as they had indicated they would at the December, 1988 meeting. In fact, an officer of Sunshine actually criticized Chief for being willing to become a joint venturer with Sunshine.

Several shareholders have also inquired as to what Sunshine's reaction was to the lawsuit after it was filed in June, 1989. The open reaction of Sunshine to Chief was one of defiance and statements were made by Sunshine to the effect that Sunshine would fight Chief to the bitter end. However, Sunshine's internal documents indicate that a week after Chief filed its lawsuit, Sunshine began the formulation of a mining plan to reopen the Burgin. The plan provided for the initiation of an exploration and development program in the Burgin Mine's zone "A" area previously delineated by Kennecott. The sum of \$2.5 million was to be allocated for the plan which was completed in July, 1989 and submitted to the President of Sunshine for approval. There is no indication in Sunshine's files that any further action on the proposal was ever taken.

Quite a few shareholders have noted that Sunshine recently reported that it had reached a \$5 million settlement in a lawsuit that it lost to a joint venture partner and inquired if that case impacted in any way on Chief's lawsuits. The case involved a settlement of a judicial award by a Texas court of \$25 million against Sunshine. Chief's cases are completely unrelated. The case is of interest to Chief's shareholders since it appears to show a consistent manner in which Sunshine treats the companies with which it has joint interests.

Numerous shareholders have inquired as to whether Sunshine is still moving forward with its drifting and rehabilitation work to explore and develop the Eureka Standard Mine. Sunshine spent several hundred thousand dollars to enter the Eureka Standard Mine area by moving underground from Chief's Burgin Mine Apex #2 Shaft. Chief, in June, 1990, granted special permission to Sunshine which allowed it to utilize an operational Burgin Mine shaft to reach the Eureka Standard.

During the first quarter of 1992, Sunshine began the first phase of what was to be an extensive drilling program in the Eureka Standard. In March, 1992, Sunshine once again abruptly terminated its Eureka Standard project after completing only five underground drillholes. The material in the drillholes assayed at grades up to 0.27 ounces of gold and up to 5.6 ounces of silver per ton. These results tend to indicate that the drillholes had probed an area in the vicinity of an orebody projected by Sunshine in its third quarter, 1991 report to Sunshine shareholders which stated, "Sunshine's geologists and engineers have recently commenced drilling to confirm the existence and quality of an ore block in the Old Eureka Standard workings in Utah. We expect to find an ore block initially indentified in 1931 which we believe will consist of 450,000 tons with an average ore grade of 0.8 ounces of gold per ton. Current estimates are that this phase of exploration will be completed by March 1, 1992 and its possible that this prospect could be in a productive mode by March 1, 1993."

Sunshine's abrupt termination of its Eureka Standard exploration project raises a question as to whether Sunshine ever intended to implement the extensive drilling program it informed Chief it had planned, or was instead seeking to quickly confirm its projected high grade gold reserve to be utilized solely for its own financial benefit as it has used the Burgin Mine's reserves over the past six years.

Several Chief shareholders have noted that one of Sunshine's subsidiaries, Sunshine Precious Metals, Inc., is currently in bankruptcy under a pre-packaged Chapter 11 bankruptcy plan and have been concerned as to what affect, if any, this bankruptcy filing might have on Chief and its lawsuits. Sunshine, upon the Chapter 11 filing by Sunshine Precious Metals, reported to Chief that the filing of the pre-packaged bankruptcy plan was not intended to affect any creditors other than its bondholders, nor would it adversely affect its ongoing mining operations at the Trixie Mine. Each of Chief's lawsuits consider Sunshine Mining Company, Sunshine Precious Metals, and another subsidiary, HMC Mining Company as a single entity. The original Sunshine Mining Company had issued several hundreds of millions of dollars in bonds and stock to the public. These issuances included over \$100 million that utilized Burgin Mine reserves. Sunshine Mining Company changed its name to Sunshine Precious Metals, Inc. as part of a corporate restructuring and a new Sunshine Mining Company was then formed as a holding company

that owns all of the stock of Sunshine Precious Metals. The pre-packaged bankruptcy route has been taken by Sunshine Precious Metals in order to substitute new securities for its various outstanding Silver Bond issues. Your Company has been carefully monitoring the bankruptcy action in Idaho to protect Chief's interests and will inject itself in the process as deemed necessary by your Company and its counsel.

One shareholder asked for Chief's perception as to Sunshine's financial strategy in placing Sunshine Precious Metals in bankruptcy. Over the past seven years, Sunshine Mining Company, on a consolidated basis, has lost cumulatively in excess of one-half billion dollars. The cash drain from Sunshine's continuing losses was replaced primarily by funds received from the issuance of Sunshine stock and bonds to the public. As mentioned above, Chief's reserves were included in the prospectuses covering the issuance of Sunshine securities since 1986. These reserves constituted approximately 40% of Sunshine's proven and probable silver reserves and all of its lead and zinc reserves in each prospectus and offering document. Sunshine's losses include a loss of \$26.1 million in the third quarter of 1990 from speculation in oil future option contracts on the commodities exchange. It is interesting to note that this commodities market loss was only several million dollars short of Sunshine's projected costs under its 1988 Burgin Mining Plan for the entire Burgin Mine project from the initial phases to full production.

Many shareholders, in noting that Chief's Stock price declined significantly during the fourth quarter of 1990 and continuing into 1991, have asked if the reason for this decline was the result of the Federal and state court rulings against Chief that are now under appeal and the continuing non-performance at the Burgin Mine by Sunshine. While these matters could have contributed to the dip in the price of Chief stock during the period, the primary reason for the decline was the forced sale of 400,000 shares of Chief held by Walhalla Mining, an Australian corporation. Walhalla Mining went into bankruptcy in 1990. It had hypothecated all of its 400,000 share holdings of Chief with a Canadian bank as security for a loan. As a result of the bankruptcy, and the subsequent default on the loan, the Canadian bank sold the entire block into the market and to brokers. Chief, with only 3.4 million shares outstanding, has always been a thinly traded stock and a large block of Chief stock being

offered for sale on the market would necessarily have an extremely negative affect on Chief's stock price.

* * * * *

It is essential that Chief's shareholders be aware of the high stakes involved in your Management's efforts to regain complete control of your Company's property holdings. Chief's properties leased to Sunshine include not only the Burgin Mine, but as a result of your Company's acquisition of the Amax properties in 1985, Chief also owns the zone "A" area of the Burgin Mine, the Ballpark area of the Burgin Mine, the Tintic Standard Mine and, most significantly, all land encompassing any possible projected extensions of the Burgin orebodies.

Sunshine's Management over the past twelve years has resisted every initiative to bring the Burgin Mine into production. All actions being taken by your Company have as their ultimate goal the re-acquisition of control by Chief of all presently leased mining properties and assets to insure the

proper development of your Company's mineral wealth.

We know that Chief shareholders have been patient, and that there is a limit to patience. However, we assure you, the shareholders of Chief, that your Management's efforts will continue unabated in our attempt to achieve our goals. A successful resolution will have made it worth your while.



Leonard Weitz
Chairman and President
June 15, 1992

Note: For a more detailed analysis of your Company's lawsuits against Sunshine please see pages 6-10 of Chief's 1991 Sec Form 10-K included in this report.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year
ended December 31, 1991

Commission file number 1-1761

CHIEF CONSOLIDATED MINING COMPANY
(Exact name of Registrant as specified in its charter)

ARIZONA
(State or other jurisdiction of
incorporation or organization)

87-0122295
(I.R.S. Employer
Identification No.)

866 Second Avenue, New York, N. Y.
(Address of principal executive offices)

10017
(Zip Code)

Registrant's telephone number, including area code

212-688-8130

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class

Name of each exchange on
which registered

Common stock, \$0.50 par value

Pacific Stock Exchange

NASDAQ

Securities registered pursuant to Section 12 (g) of the Act:

None
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 12 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

State the aggregate market value of the voting stock held by non-affiliates of the Registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing: \$5,620,509 as of March 10, 1992.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class

Outstanding at March 10, 1992

Common stock, \$0.50 par value

3,458,775 shares

PART I

Item 1. Business

GENERAL

The Registrant, a Corporation formed under the laws of Arizona in 1909, is the owner of approximately 14,200 acres of patented mining ground in the Tintic Mining District, Juab and Utah Counties, Utah. The Registrant also owns unpatented mining claims covering approximately 1,500 acres adjacent to its patented properties and holds a minerals lease from the State of Utah (the "State") for an additional 532 acres. The Registrant holds stock interests in other companies owning mining properties, all of which are consolidated or unconsolidated subsidiaries of the Registrant.

The Registrant's mining office is located at Eureka, Juab County, Utah 84628. Its executive office is located at 866 Second Avenue, New York, N.Y. 10017. Registrant has a total of four employees, including one employee at the site of Registrant's properties in Utah.

Registrant leases mining rights, under a lease covering 1,387 acres ("Burgin Lease") to Sunshine Mining Company ("Sunshine"). Registrant is also a co-lessor under a Unit Lease covering a total of 7,311 acres, 5,050 acres of which are owned by Registrant ("Unit Lease"), leased to Sunshine.

In addition, Registrant receives royalties from the sale of waste dump materials to North Lily Mining Company. The dump materials sold to date have been utilized by North Lily in its gold heap leaching operations.

See "Item 3. Legal Proceedings" for a description of Registrant's lawsuits against Sunshine that involve the Burgin Lease and the Unit Lease.

SUNSHINE LEASES

Burgin Lease

Under a Mining Lease and Agreement dated October 15, 1980 between the Registrant and Sunshine ("Burgin Lease"), Registrant leased to Sunshine the underground mining rights to approximately 1,387 acres of Registrant's property located in the East Tintic Mining District of Utah ("Burgin Property").

The Burgin Property comprised that part of the Registrant's property initially under lease to Kennecott Corporation ("Kennecott") until its removal from the Unit Lease in June 1978 and its return to the Registrant. See "Unit Lease," below, for information concerning acquisition of the Unit Lease by Sunshine. Registrant's Burgin Property, currently

Chief Consolidated Mining Company 1991 Form 10-K Report

This report to shareholders includes a complete copy of Chief Consolidated Mining Company's 1991 Form 10-K Annual Report to the Securities and Exchange Commission which contains among other information, a description of the Corporation's business, a discussion and analysis of financial condition and results of operations and financial statements. The Form 10-K report is included because of the similarity of the information required to be contained in the annual reports to shareholders and to the Securities and Exchange Commission, and in the interest of providing broad disclosure of the activities of Chief to those interested in its affairs. The report on Form 10-K has been neither approved nor disapproved by the Securities and Exchange Commission nor has the SEC passed upon its accuracy or adequacy.

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under lease to Sunshine, includes the Burgin Mine that was operated by Kennecott from 1966 to 1978. A concentrating mill (the "Mill") was built by Kennecott on Registrant's Burgin property when Kennecott was lessee under the Unit Lease, and the concentrator was acquired by Registrant when the Burgin Property was severed from the Unit Lease and returned to Registrant on June 15, 1978.

In Sunshine's Securities & Exchange Commission Form 10-K for its fiscal year ended December 31, 1990, Sunshine reported that at January 1, 1991, the proven and probable ore reserves of the Burgin Mine were estimated by Sunshine to be as follows:

	<u>Tons of Ore</u>	<u>Ounces of Silver</u>	<u>Tons of Lead</u>	<u>Tons of Zinc</u>
Proven and probable Reserves(1)	1,032,173	23,903,536	275,090	90,189

The weighted average ore grades are 23.16 ounces per ton silver, 26.65% lead and 8.74% zinc.

(1) Mining dilution is estimated at 22%, and metallurgical recoveries are estimated at, silver 83%, lead 81% and zinc 68%.

The principal terms of Sunshine's Burgin Lease are as follows:

Term - Initial term of lease is for fifty years to 2030 with right of renewal by Sunshine. Sunshine at any time during the term of the lease may terminate the lease upon notice to Registrant.

Advance Royalties - Advance royalty of \$100,000 per annum to be paid by Sunshine to Registrant until such time as commercial production begins. In January 1992, Sunshine paid to Registrant the \$100,000 advance royalty for 1992. Advance royalties will be credited against future earned royalties on a formula basis as defined in the lease. See "Payments Related to Sunshine's Burgin Lease," below.

Earned Royalties - At such time that commercial production is begun by Sunshine, Registrant is to receive the greater of: (i) 7-1/2% of Sunshine's annual net smelter returns from production or (ii) \$150,000 per annum. See "Payments Related to Sunshine's Burgin Lease," below.

Minimum Work Requirements - Sunshine is required to perform annual minimum work requirements of \$100,000 on the leased property until such time as commercial production is begun. Amounts expended by Sunshine for such purpose in excess of \$100,000 in any year can be carried forward and applied against a subsequent year's work requirement.

Payments Related to Sunshine's Burgin Lease - Under the terms of the June 1978 amendment to the Unit Lease, described below, so long as the Unit Lease remains in effect, Registrant is obligated to pay to Registrant's co-lessors under the Unit Lease, an amount equal to one-third of Registrant's royalties received under Sunshine's Burgin Lease. Such obligation arose as a result of the removal of a portion of Registrant's property, including the Burgin Mine, from the Unit Lease and its return to Registrant in 1978. The said co-lessors at the time retained a royalty interest in the property and became entitled to receive an amount equal to one-third of any royalties that would become payable to Registrant under any new leasing arrangement for Registrant's Burgin property so long as the Unit Lease remains in effect.

See "Item 3. Legal Proceedings" for a description of the lawsuits against Sunshine relating to the Burgin Lease.

In January 1991, Registrant sent a notice of default and demand for cure of the Burgin Lease to Sunshine. Sunshine has denied it is in default of the Burgin Lease; see "Item 3. Legal Proceedings - Current Status of State Court Action".

Unit Lease

The Unit Lease property is located in the East Tintic Mining District of Utah. Under the original Unit Lease, Registrant, together with four other co-lessors, had leased a total of 10,711 acres to Kennecott in 1956, including 4,733 of Registrant's acres. In April 1983, Kennecott sold its interest as lessee in the Unit Lease to HMC Mining, Inc. and in June 1983, Sunshine acquired HMC Mining, Inc.

On June 15, 1978, 1,387 acres owned by Registrant that comprised a part of the properties under the Unit Lease were removed by amendment to the lease and returned to Registrant. These properties, referred to as the Burgin Properties, were leased by Registrant to Sunshine on October 15, 1980, as is more fully described above. On October 26, 1982, the Unit Lease was further amended by the removal and return to Registrant of an additional 2,013 acres of Registrant's Homansville area properties that had been included in the Unit Lease. There now remain 7,311 acres

that are subject to the terms of the Unit Lease, of which 5,050 are owned or controlled by Registrant. Included in the 5,050 acre total are 3,185 acres acquired from AMAX Arizona Inc. ("AMAX") in 1985 and 532 acres under lease from the State which were assigned to Registrant by AMAX in 1985. Under the provisions of the amendments to the Unit Lease, Registrant's remaining co-lessor under the Unit Lease, South Standard Mining Company ("South Standard"), continues to retain a 22.2% royalty interest in the Burgin and Homansville properties so long as the Unit Lease continues in effect. See "Item 3. Legal Proceedings" for a description of an agreement entered into between Registrant and South Standard as a result of the Lawsuit described therein.

The Unit Lease, as currently in effect, includes provisions for the following:

Term - The term of the Unit Lease is to 2006 unless sooner terminated by Sunshine. Sunshine has the right to renew for an additional fifty years to 2056.

Royalties - Monthly earned royalties payable by Sunshine to the lessors are 7-1/2% of Sunshine's monthly net smelter returns from the Unit Lease property. If in any year Sunshine's net smelter returns exceed \$25 million, the royalty percentage will be increased to 10% of net smelter returns for such year (the "additional royalty"). Registrant's share of the said 7-1/2% and 10% earned royalties, including the increase resulting from Registrant's acquisition of AMAX's share in October 1985, is as follows:

- (i) With respect to net smelter return royalties attributable to ore mined from Registrant's property, Registrant receives 77.3% of the overall royalty (equivalent to 5.8% of Sunshine's net smelter returns, or 7.7% if the 10% royalty is applicable).
- (ii) With respect to net smelter return royalties attributable to ore mined from the property of the co-lessors, Registrant receives 54.6% of the royalty (equivalent to 4.1% of Sunshine's net smelter returns, or 5.4% if the 10% royalty is applicable).

See "Item 3. Legal Proceedings" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Current Activities of Lessees," for a description of the Lawsuit and current events relating to the Unit Lease.

In January 1991, Registrant sent a notice of default and demand for cure of the Unit Lease to Sunshine. Sunshine has denied it is in default of the Unit Lease; see "Item 3. Legal Proceedings - Current Status of State Court Action".

Item 2. Properties

See "Item 1. Business" for description of Registrant's properties located in the Tintic Mining District, Juab County, Utah and Registrant's mining leases with Sunshine. See "Item 3. Legal Proceedings" for a description of Registrant's lawsuits against Sunshine affecting Registrant's mining properties. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Current Activities of Lessees" for information on Sunshine's activities on the leased properties.

As a result of the removal of the Burgin properties from the Unit Lease and their return by Kennecott to Registrant in July 1978, Registrant owns the concentrator and other assets built or placed by Kennecott on Registrant's property.

Registrant retains the surface rights to its leased properties which are not required by the lessee for mining purposes.

Significance of Leases

The income to be derived from Registrant's leases with Sunshine will constitute the substantial part of Registrant's sources of income during the years ending December 31, 1992 and 1993. Registrant receives advance royalties under Sunshine's Burgin Lease and either earned or minimum royalties under Sunshine's Unit Lease. Accordingly, the development of the properties by Sunshine under its leases with Registrant is significant to Registrant. See "SUNSHINE LEASES" above, for information concerning the leases. See "Item 3. Legal Proceedings" for a description of Registrant's lawsuits against Sunshine relating to the Burgin Lease and the Unit Lease.

Item 3. Legal Proceedings

Registrant's Lawsuits Against Sunshine

Registrant initiated a lawsuit on June 7, 1989 against Sunshine Mining Company and Sunshine Precious Metals, Inc. (collectively "Sunshine") in the United States District Court, District of Utah, Central Division (No. 89-C-523-W), referred to herein as the "Federal court action". The lawsuit was brought by Registrant to right a number of

wrongs that Registrant believes were committed in connection with the Burgin Lease and the Unit Lease. In its original complaint, Registrant claimed that Sunshine had in bad faith failed to honor obligations to mine properties under the Burgin Lease and the Unit Lease. The Federal court action against Sunshine also alleged breach of contract, breach of the duty of good faith and fair dealing, conversion, and also included claims under the Federal Racketeering Laws ("RICO") discussed below.

On June 27, 1990, the major claims against Sunshine in the Federal court action (excluding the RICO claims) were moved from the Federal Court to the District Court of the Fourth Judicial District in Utah County, State of Utah (No. 900400467CN), referred to here as the "state court action". This move to a Utah state court was necessitated when Registrant added HMC Mining, Inc., a wholly-owned Sunshine subsidiary formed in Utah, as an additional defendant in the Federal court action.

Current Status of Federal Court Action

Registrant's RICO claim asserted in the Federal court action against Sunshine is based upon the grounds that Sunshine wrongfully exploited Registrant's properties in the East Tintic District by selling or participating in the sale of Sunshine Mining Company securities on the strength of significant ore reserves within Registrant's Burgin Property, without Sunshine intending to mine such ores under the Burgin Lease.

On November 27, 1989, the U.S. District Court Judge presiding over the Federal court action ruled in favor of motions by defendants to dismiss the RICO claims brought against them by Registrant.

On July 27, 1990, Registrant filed an appeal in the United States Court of Appeals for the Tenth Federal Judicial Circuit relating to the U.S. District Court's ruling against Registrant on the RICO charges in the Federal court action. On September 10, 1991, the Tenth Circuit Court issued an Order vacating the scheduled oral argument in the Registrant's appeal, on the ground that the United States Supreme Court had granted review in a case involving the controlling legal issue in Registrant's appeal. The Tenth Circuit directed Registrant and Sunshine to file supplementary memoranda within twenty days after the United States Supreme Court decides the case of Holmes v. Securities Investor Protection Corp. ("SIPC"), No. 90-727.

On March 24, 1992, the United States Supreme Court issued its ruling in the Holmes case. The ruling held that RICO was not available to SIPC in the Holmes case, the majority opinion leaving unresolved the broader question of whether a RICO lawsuit based on securities fraud could ever be brought by someone who had not bought or sold securities during the period of the fraud. As referred to above, the Tenth Circuit United States Court of Appeals that will hear Registrant's appeal in the Federal court action had postponed oral argument until the Holmes case was decided by the United States Supreme Court, since that question of the buyer-seller requirement is the controlling issue in Registrant's appeal. Since the United States Supreme Court did not directly rule on that question in the Holmes case, Registrant cannot state its view as to the outcome of its appeal in the Federal court action or as to whether any other aspect of the Holmes decision will impact upon the Federal court action.

However, four of the nine Justices of the United States Supreme Court did conclude, in two separate concurring opinions in the Holmes case, that the Court should have ruled that while RICO was not available to SIPC in the Holmes case, investors generally need not have bought or sold stock if they can show direct injury from the fraud. Registrant therefore believes that since four of the nine United States Supreme Court Justices did agree that there is no buyer-seller requirement in bringing a securities fraud case under RICO, and further since the other five Justices of the Supreme Court who had joined in the majority opinion did not express their opinion on that issue, a positive implication from the Supreme Court's determination of the Holmes case relating to the buyer-seller question could be drawn.

Registrant and Sunshine will each file supplementary memoranda with the Tenth Circuit United States Court of Appeals based upon the Holmes decision. It is expected that the Court will reschedule oral argument for sometime in the next few months.

If Registrant is successful in its appeal involving the RICO claim, it is anticipated that the RICO claim in the Federal court action against Sunshine will be reinstated in the U.S. District Court, District of Utah, Central Division.

Current Status of State Court Action

Registrant and South Standard Mining Company ("South Standard"), Registrant's co-lessor under the Unit Lease, are plaintiffs in the state court action against Sunshine Mining Company, Sunshine Precious Metals, Inc. and HMC Mining, Inc. (collectively "Sunshine"). In August 1989, Registrant and South Standard reached an agreement that provides, among other things, for the manner in which future royalties from the Unit Lease properties and the Burgin Property would be divided between the Registrant and South Standard if the Unit Lease with Sunshine is terminated and the properties are operated by someone other than Sunshine. The agreement also provides for the division between Registrant and South Standard of certain types of royalty damages, if any, awarded under the state court action. The agreement with South Standard was amended in July 1990, so as to require South Standard to join with the Registrant, at Registrant's request, in sending notice of default and demand for cure of the Unit Lease to Sunshine. Such notice and demand under the Unit Lease was in fact sent by Registrant and South Standard to Sunshine in January 1991. Registrant at that time also sent notice of default and demand for cure of the Burgin Lease to Sunshine. The significance of said notices of default and demand sent to Sunshine will depend upon the outcome of the appellate procedure currently in progress in the Utah Supreme Court referred to hereinbelow.

The trial of the state court action against Sunshine was scheduled to begin on August 5, 1991 in Provo, Utah. However, as a result of pre-trial proceedings, the judge presiding over the case issued a ruling on August 14, 1991 granting Sunshine's motion to dismiss Registrant's claims premised upon Sunshine's breach of its mining leases with Registrant and Sunshine's failure to proceed with the mining of the leased properties in Utah. Registrant and its counsel believe the Court's ruling is in error because it is based on the conclusion that Sunshine has no obligation to develop or mine the leased lands, and it deprives Registrant of the opportunity to present its evidence that Sunshine has breached the express and implied promises in the leases. Registrant initiated its appeal process with the Utah Supreme Court and, on February 3, 1992, Registrant filed its brief seeking to have the lower Court's decision that granted Sunshine's motion to dismiss certain claims overturned. Sunshine has not yet filed its answering brief. Registrant's claims against Sunshine for conversion of Registrant's property and fraud in obtaining Registrant's consent to assignment of the Unit Lease were not affected by the lower Court's ruling, however, the main portion of the damages sought by Registrant in the state court action arise from the claims that have been dismissed and are now on appeal. The trial of the remaining claims

in the state court action had been rescheduled for February 3, 1992, but the trial of these claims has been postponed until the Registrant's appeal of the lower Court's ruling granting Sunshine's motion to dismiss the principal claims in the state court action has been decided by the appellate court. No estimate can be made by Registrant at this time as to when the appellate court in Utah will render its opinion.

Defendant Sunshine Precious Metals, Inc.

Sunshine Precious Metals, Inc. ("Sunshine Precious Metals") is one of the defendants in both the Federal court action and the state court action. On March 9, 1992, Sunshine Precious Metals filed a proceeding under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Idaho for the purpose of implementing a prepackaged bankruptcy plan. The filing of the Chapter 11 proceeding by Sunshine Precious Metals results in an automatic stay of proceedings in the Federal court action and the state court action against Sunshine Precious Metal until it emerges from bankruptcy under its prepackaged bankruptcy plan. However, in its March 9, 1992 news release, Sunshine Precious Metals stated that no operations, employees or vendors of Sunshine Precious Metals will be affected by the prepackaged bankruptcy plan and that the only creditors of Sunshine Precious Metals to be affected by the plan are its Silver Indexed Bondholders. If Sunshine Precious Metals' representations are accurate regarding the overall effect of its prepackaged bankruptcy plan, Registrant anticipates that the filing of the bankruptcy plan by Sunshine Precious Metals will be concluded without any material adverse effect upon Registrant's lawsuits against Sunshine. Sunshine Mining Company, also a defendant in both of the said actions, is not a party to the bankruptcy filing by Sunshine Precious Metals. The stay of legal proceeding against Sunshine Precious Metals will be lifted when the prepackaged bankruptcy plan is finalized by the U.S. Bankruptcy Court.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for the Registrant's Common Stock and Related Shareholder Matters

The principal market on which Registrant's shares of common stock are traded is the Pacific Stock Exchange.

High and low sales prices of Registrant's common stock on the Pacific Stock Exchange for each quarterly period during the past two years are as follows:

<u>1991 Market Price</u>	<u>High</u>	<u>Low</u>
First quarter.....	3	2-1/8
Second quarter.....	2-3/8	1-3/4
Third quarter.....	2-1/4	7/8
Fourth quarter.....	1-1/8	13/16

<u>1990 Market Price</u>	<u>High</u>	<u>Low</u>
First quarter.....	5-3/8	4
Second quarter.....	4-5/8	4
Third quarter.....	4-3/4	4
Fourth quarter.....	4-1/4	2-1/8

Approximate number of holders of record
of Registrant's common stock as of
March 10, 1992..... 3,000

Item 6. Selected Financial Data

	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>
Royalties.....	\$ 282,250	\$ 254,254	\$ 328,084	\$ 292,112	\$ 181,700
Total revenue..	312,997	329,405	475,926	379,631	234,625
Net loss.....	248,772	409,172	267,242	138,647	189,324
Net loss per share.....	.07	.11	.08	.04	.05
Total assets..	2,779,175	3,240,469	3,546,191	3,691,914	3,821,380
Long-term liabilities..	- 0 -	1,488	5,053	8,619	- 0 -

No dividends were declared during the five-year period ended December 31, 1991.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION

The ratio of Registrant's current assets to current liabilities as at December 31, 1991 was 17 to 1. Registrant anticipates that net revenues from its current mining leases, together with its working capital, will provide sufficient liquid funds to enable Registrant to pay its operating expenses during 1992 and 1993. Each of Registrant's mining leases with Sunshine provides that the lessee may, upon short notice, terminate the mining lease. Therefore, Registrant's liquid position and its ability to meet its operating expenses in the future would be adversely affected if the Sunshine Leases were terminated. See "Current Activities of Lessees" below for a description of the activities now being conducted by Sunshine on the leased properties. See "Item 3. Legal Proceedings" for a description of Registrant's Lawsuit against Sunshine involving the mining leases.

RESULTS OF OPERATIONS

During the year ended December 31, 1991, Registrant's royalties were \$282,250 as compared to royalties of \$254,254 during the year ended December 31, 1990. Included in the royalties for each of the years ended December 31, 1991 and 1990 were advance royalties of \$100,000 under the Sunshine Burgin Lease. Also included in Registrant's royalties during the years ended December 31, 1991 and December 31, 1990 were earned royalties of \$108,102 and \$168,037, respectively, from Sunshine's operation of the Trixie Mine under the Unit Lease.

Included in Registrant's royalty income during the year ended December 31, 1991, were earned royalties of \$67,439 from the sale of Registrant's waste dump material processed by North Lily Mining Company. There was no sale of waste dump material during the year ended December 31, 1990.

Registrant's net loss for 1991 was \$248,772 as compared to a net loss of \$409,172 for 1990. The decrease in the loss during 1991 was due primarily to a reduction in litigation expenses for the year 1991.

"Registrant's net loss for 1990 was \$409,172 as compared to a net loss of \$267,242 for 1989. The increase in the loss during 1990 was due primarily to a reduction in royalty and interest income for the year 1990.

CURRENT ACTIVITIES OF LESSEES

The following is a summary of the latest developments at the properties in which Registrant has an interest in the Tintic Mining District of Utah.

SUNSHINE MINING COMPANY

Unit Lease

During 1991, Sunshine continued mining at the Trixie Mine providing flux material for Kennecott's UCD Magna smelter and ASARCO's El Paso smelter. Mine production came from four levels of the Trixie Mine during 1991, the 750 ft., 900 ft., 1,050 ft. and 1,200 ft. levels. Trixie Mine ore shipments to the Magna and El Paso smelters continued during the first quarter of 1992.

In June 1990, an agreement was entered into between Registrant and Sunshine under which Registrant agreed to allow Sunshine's use of Registrant's Apex #2 Burgin Mine shaft for exploration purposes for a limited time period in order to expedite Sunshine's exploration efforts in the Eureka Standard Mine area by connecting the Apex #2 shaft with the Eureka Standard Mine workings. On October 1, 1991 the agreement was extended through September 30, 1992. Further agreement between Registrant and Sunshine will be required if Sunshine determines that it wishes to utilize the Apex #2 shaft at a future date for development and production from the Eureka Standard orebody.

During January 1991, the drift from the Apex #2 Shaft to the Eureka Standard Mine was advanced 41 feet for a total of 1,318 feet of drift since Sunshine initiated the Eureka Standard project in July 1990. In February 1991, Sunshine abruptly terminated its work on the project for a period of ten months until it resumed drifting in December 1991. In February 1992, Sunshine reached its target area and cut its first drill station. A diamond drilling program was initiated in the latter part of February 1992 and continued into March 1992. Sunshine has reported to Registrant that its Eureka Standard project is designed to test for mineralization containing high grade gold ore below the lowermost Eureka Standard Mining workings that were mined in the 1930's and early 1940. To date, Sunshine has not reported to Registrant any drillhole results of its Eureka Standard drilling program.

Involvement of Burgin Lease and Unit Lease in the Lawsuit

See "Item 3: Legal Proceedings" for a description of the lawsuits instituted by Registrant against Sunshine Mining Company, Sunshine Precious Metals, Inc. and HMC, Inc. and for a description of the agreement between South Standard and Registrant relating to the state court action and the Unit Lease.

In the event that the Unit Lease is terminated for any reason, Registrant's current royalty interest in the Trixie Mine and its potential royalty interest in the Eureka Standard Mine, each of which is located on South Standard property, will continue beyond such termination. See "Current Activities of Lessees - Sunshine Mining Company - Unit Lease."

NORTH LILY MINING COMPANY

In February 1991 Registrant entered into an agreement with North Lily Mining Company ("North Lily") under which Registrant granted North Lily the right to remove material for a period of two years from that section of the Centennial Eureka Dump located on Registrant's unleased property in the Main Tintic District of Utah. The agreement between Registrant and North Lily calls for payment to Registrant of a minimum of 75 cents per ton for any material removed and also provides for incremental payments per ton based on specified scaled up increases in the prices of gold and/or silver. During 1991, North Lily processed in excess of 84,000 tons of Registrant's material from the Centennial Eureka Dump from which Registrant received approximately \$67,400 in royalties. North Lily continued to remove additional material from the dump during the first quarter of 1992. In the fourth quarter of 1991 Registrant entered into two additional agreements with North Lily under which Registrant granted North Lily the right to remove material from the Upper Eureka Hill Dump and the Eureka Hill Railroad Grade Dump. North Lily's right to remove dump material under both of these agreements expires on June 30, 1992.

Item 8. Financial Statements and Supplementary Data

Consolidated Balance Sheets at December 31, 1991 and 1990.

Statements of Consolidated Operations for the Three Years Ended December 31, 1991.

Statements of Consolidated Cash Flows for the Three Years Ended December 31, 1991.

Statements of Shareholders' Equity for the Three Years Ended December 31, 1991.

Notes to Consolidated Financial Statements.

Schedules:

I - Marketable Securities - Other Security Investments, December 31, 1991.

V - Property, Plant and Equipment for the Three Years Ended December 31, 1991.

VI - Accumulated Depreciation and Depletion of Property, Plant and Equipment for the Three Years Ended December 31, 1991.

Schedules not listed are omitted because of the absence of conditions under which they are required or because the information required is shown in the financial statements or in the notes thereto.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Director and Executive Officers of the Registrant

The name and age of each of Registrant's directors and executive officers and the nature of all other positions and offices with the Registrant held by him are:

<u>Names of Registrant's Directors and Executive Officers</u>	<u>Age</u>	<u>Offices with Registrant</u>	<u>Term During Which Served in Office</u>
Leonard Weitz(1)(2)	62	Director and Chairman of the Board; President	Director since 1967; President since 1971
Edward R. Schwartz (1)(2)	81	Director; Secretary- Treasurer	Director since 1974; Secretary-Treasurer since 1979
James Callery(1)	54	Director	Director since 1980
Michael F.K. Carter (1)	51	Director	Director since 1988

- (1) Elected to serve as a director for the ensuing year and until his successor is duly elected and qualified at the Annual Meeting of Shareholders held on November 14, 1990. No shareholders meeting was held during the year 1991.
- (2) Registrant's two executive officers were elected to serve in their respective offices by the Board of Directors on November 26, 1991 for the ensuing year and until their respective successors are duly elected and qualified. See "Item 11. Executive Compensation" for description of Registrant's employment agreement with Leonard Weitz through September 1996.

The following is a brief account of the business experience during the past five years of each director and executive officer named above:

Leonard Weitz	Chairman and President of the Company (since 1971).
Edward R. Schwartz	Secretary and Treasurer of the Company (since October 1979); Independent Consultant since prior to 1987.
James Callery	Engaged in management of oil and gas, forestry, agriculture and other investments since prior to 1987; member of Board of Directors of Lomas & Nettleton Mortgage Investors (a real estate investment trust) since prior to 1987.
Michael F.K. Carter	Independent Consultant since February 1990; Managing Director-North America of First Toronto Mining Corporation (a merchant banking corporation) from January 1988 to January 1990; Executive Vice President of Canada Development Investment Corporation (a Canadian government corporation) from prior to 1986 to December 1987.

Item 11. Executive Compensation

The following information is presented concerning the cash compensation of each executive officer of Registrant whose cash compensation during Registrant's fiscal year ended December 31, 1991 exceeded \$60,000 and the cash compensation of all executive officers of Registrant as a Group.

Compensation Table

<u>(A)</u> Name of individual or number in group	<u>(B)</u> Capacities in which served	<u>(C)</u> Cash compensation
Leonard Weitz	President and Chairman of the Board	\$125,000
Total - 2 officers		127,800

Leonard Weitz is employed as President of Registrant through September 1996 under an employment agreement dated January 4, 1988. Mr. Weitz's annual base salary under the agreement for the twelve month period ended September 30, 1991 was \$125,000. Mr. Weitz's employment agreement provides for salary increments after December 30, 1991 of

\$5,000 for each twelve month period ending September 30, from \$130,000 in 1992 to \$150,000 in 1996. However, on June 24, 1991, Mr. Weitz entered into an Agreement with Registrant whereunder Mr. Weitz agreed to waive said annual increments through 1996 which cumulatively total \$75,000, in exchange for the cancellation by Registrant of a \$42,500 note payable by him to Registrant that would otherwise have been due on September 21, 1991. Accordingly, Mr. Weitz's annual base salary will be \$125,000 for the remainder of his employment agreement. In addition, Mr. Weitz will be entitled to incentive compensation equal to 2% of Registrant's pre-tax earnings in excess of \$1,000,000 (exclusive of extraordinary items and sales of property) during each of the calendar years 1992 to 1996 (pro-rated for 1996); however, incentive compensation may not exceed the amount of his base salary for the subject year. Mr. Weitz may also receive during the term of his employment such bonuses as may be determined by the Registrant's Board of Directors.

Incentive Stock Option Plan

On June 16, 1982, the shareholders of Registrant approved a ten year incentive stock option plan whereunder options to purchase up to 100,000 shares of Registrant's common stock could be granted by the Registrant's Board of Directors to officers and key employees of Registrant. Options under the Plan were granted at not less than 100% of the market price of the Registrant's common stock on the date of grant. The Plan expired on June 16, 1991. Outstanding options granted under the Plan continue to be administered by the Board of Directors. The Plan also included the following significant provisions: no one person could be granted options to purchase more than 40,000 shares under the Plan; options granted under the Plan must be exercised in the order granted; the unexercised portion of an option will expire without value five years from the date of grant; payment by the optionee upon exercise of an option may be made using the Registrant's stock, as well as cash; there could not be granted to any optionee options to purchase stock which had an underlying market value on the date of grant in excess of \$100,000 in any one calendar year; options may be exercised during the optionee's lifetime not more than 90 days after the optionee's employment termination; if the optionee dies while employed by the Registrant, options are fully exercisable by the optionee's estate for the duration of the option.

See "INFORMATION CONCERNING STOCK OPTIONS," below, for information as to outstanding incentive stock options granted to officer-directors prior to the termination of the incentive stock option plan.

Compensation of Directors

Each director who is not an officer of Registrant receives an annual retainer of \$1,200 and an attendance fee of \$100 for each meeting attended. The Secretary-Treasurer of Registrant, who is a director, does not receive a salary; he receives fees at twice the rate as directors who are not officers of Registrant.

See "INFORMATION CONCERNING STOCK OPTIONS," below, for information as to nonqualified stock options granted to directors.

Nonqualified Stock Options

All nonqualified stock options granted are subject to the approval of Registrant's shareholders. The exercise price for the shares under option is, in each instance, the market price on the date of grant. The nonqualified options may be exercised within ten years from the date of grant, but only so long as the optionee continues to be a director or officer of Registrant. In the event of the death of optionee, the option may be exercised by the optionee's estate within one year after the optionee's death.

See "INFORMATION CONCERNING STOCK OPTIONS," below, for information as to nonqualified stock options granted to directors.

INFORMATION CONCERNING STOCK OPTIONS

The following tabulation shows, as to a certain director and officer of Registrant and as to all directors and officers of Registrant as a group, information with respect to: (A) stock options granted by the Registrant under its Incentive Stock Option Plan and (B) Nonqualified Stock Options granted by the Registrant and approved by the shareholders of Registrant: (i) the title and aggregate amount of securities subject to options granted during the specific period, (ii) the average per share option exercise price thereof, (iii) the net value of shares (market price less exercise price) realized during the specified period upon the exercise of such options granted during the specified period or prior thereto, (iv) the number of shares sold during the specific period of the same class as those so acquired, (v) the number of shares subject to options that expired or were cancelled during the specified period, (vi) the title and aggregate amount of securities subject to all such options outstanding as of the end of the specified period and (vii) the potential (unrealized) value of such outstanding options as of the end of the specified period (market price less exercise price).

	Leonard Weitz	All Directors and Officers as a Group
Common shares(1):		
Incentive stock options granted to officers of Registrant January 1, 1991 to December 31, 1991 under Registrant's Incentive Stock Option Plan:		
Number of options.....	None	None
Nonqualified stock options granted to directors of Registrant:		
January 1, 1991 to December 31, 1991.....	None(2)	None (2)
Stock options exercised January 1, 1991 to December 31, 1991.....	None	None
Sales January 1, 1991 to December 31, 1991.....	None	None
Stock options expired or cancelled January 1, 1991 to December 31, 1991:		
Incentive Stock Options.....	None	None
Nonqualified Stock Options.....	None	100,000(3)
Outstanding at December 31, 1991:		
Incentive stock options.....	40,000	60,000
Nonqualified stock options.....	30,000(2)	135,000(2)
Potential (unrealized) value - (market price less exercise price) at December 31, 1991:		
Incentive stock options.....	None	None
Nonqualified stock options.....	None	None

(1) The number of options set forth above correspond to the number of shares to which they relate.

(2) On November 26, 1991, the Board of Directors granted to each officer and director who held nonqualified stock options at that date replacement nonqualified stock options for the number of shares of the options described below; however, until such time as Registrant's shareholders approve the replacement options, the nonqualified stock options so granted by the Board of Directors on November 26, 1991 will not become effective. The nonqualified options now outstanding shall remain in full force and effect until the replacement options are approved by the shareholders, in which latter event the nonqualified options now outstanding would be cancelled. The said replacement nonqualified stock options are for a total of 240,000 shares and were granted to four directors of the Company two of whom are officers, including Leonard Weitz who received an option to purchase 50,000 shares. The exercise price per share for each of the said replacement nonqualified stock options were \$1.00, the market price per share on November 26, 1991.

- (3) A nonqualified stock option to purchase 50,000 shares held by a former director was cancelled upon his resignation on January 2, 1991, and nonqualified stock options to purchase 50,000 shares held by the estate of a deceased director expired on September 8, 1991.

Item 12. Security Ownership of Certain Beneficial Owners and Management

- (a) The following table shows as of March 10, 1992 stock ownership of all persons known to management to be beneficial owners of more than 5% of the common stock of the Registrant:

<u>Name and Address of Beneficial Owners</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percentage of Common Stock</u>
William E. Simon..... c/o William E. Simon & Sons, Inc. 310 South Street CN 1913 Morristown, N.J. 07960	338,600 shares(1)	9.2%

- (1) Includes 219,300 shares that William E. Simon has the right to acquire under options issued by the Registrant.

- (b) The equity securities of the Registrant beneficially owned by all directors and by directors and officers of the Registrant as a group, as of March 10, 1992, are:

<u>Title of Class</u>	<u>Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership*</u>	<u>Percent of Class</u>
Common Stock, \$0.50 par value:	James Callery	98,468 (1)(5)	2.8%
	Michael F.K. Carter	25,000 (2)	.7
	Edward R. Schwartz	55,100 (3)(6)	1.6
	Leonard Weitz	95,010 (4)(7)	2.7
	Owned by all directors and officers as a group	273,578 (8)	7.9
Preferred Stock, \$0.50 par value:	None	-	-

*Each director has sole voting and investment power with respect to shares owned.

- (1) Does not include an aggregate of 10,500 shares owned by James Callery's wife and children, in which shares James Callery disclaims any beneficial interest.
- (2) Comprised of nonqualified stock option to purchase 25,000 shares held by Michael F.K. Carter.
- (3) Does not include 1,700 shares owned by a trust in which Edward R. Schwartz is an income beneficiary with possible right of invasion of trust principal. Also does not include 200 shares owned by Edward R. Schwartz's wife, in which shares Edward R. Schwartz disclaims any beneficial interest.
- (4) Does not include 21,500 shares owned by Leonard Weitz's wife, in which shares Leonard Weitz disclaims any beneficial interest.
- (5) Includes nonqualified stock options to purchase 50,000 shares held by James Callery.
- (6) Includes incentive stock options to purchase 20,000 shares issued under Registrant's Incentive Stock Option Plan and nonqualified stock options to purchase 30,000 shares held by Edward R. Schwartz.
- (7) Includes incentive stock options to purchase 40,000 shares issued under Registrant's Incentive Stock Option Plan and nonqualified stock options to purchase 30,000 shares held by Leonard Weitz.
- (8) Includes options to purchase an aggregate of 195,000 shares as referred to at notes (2), (5), (6) and (7) above.

Item 13. Certain Relationships and Related Transactions

None.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 1. See Item "8."

2. See Item "8."

3. Description of Exhibits required to be filed by Item 601 of Regulation S-K:

(The numbers shown below next to each exhibit are keyed to Exhibit Table of Item 601 of Regulation S-K)

"(3)" Articles of Incorporation and By-Laws:

Registrant hereby incorporates by reference the Articles of Incorporation and By-Laws previously filed with the Commission.

"(4)" Not applicable

"(9)" Not applicable

"(10)" Material Contracts:

Mining Leases

A. Sunshine Lease - Mining Lease and Agreement dated October 15, 1980 between Registrant and Sunshine Mining Company: Registrant hereby incorporates by reference the Sunshine Lease Agreement dated October 15, 1980, copies of which were filed with the Commission by Registrant as part of its Form 8-K Report dated October 22, 1980.

B. Unit Lease - Leases and Unit Agreement of August 29, 1956 by and between Registrant and other co-lessors, as Lessors, and Bear Creek Mining Company, as Lessee.

Amendments to Unit Lease:

July 5, 1968
January 1, 1972
March 14, 1977
June 16, 1978
October 26, 1982

Registrant hereby incorporates by reference the Unit Lease and each of the Amendments set forth above, copies of which were filed with the Commission by Registrant as part of its 10-K Reports as follows: Amendments 1968 through 1978 - 1980 10-K Report; October 26, 1982 Amendment - 1982 10-K Report.

Agreement dated October 1, 1982 between Registrant and its co-lessors under the Unit Lease. Registrant hereby incorporates by reference the said Agreement, a copy of which was filed with the Commission by Registrant as part of its 1982 10-K Report.

Agreement (signed by Registrant March 25, 1983) between Registrant, its co-lessors under the Unit Lease, and Kennecott. Registrant hereby incorporates by reference the said Agreement, a copy of which was filed with the Commission by Registrant as part of its 1983 10-K Report.

Agreement (signed by Registrant on August 15, 1989) between Registrant and South Standard, its co-lessor under the Unit Lease, a copy of which was filed with the commission as part of its 1989 10-K report.

Exploration License dated June 21, 1990 between Registrant and Sunshine, a copy of which was filed with the Commission by Registrant as part of its 1990 10-K report.

Amendment to agreement (signed by Registrant on July 7, 1990) between Registrant and South Standard, its co-lessor under the Unit Lease, a copy of which was filed with the Commission by Registrant as part of its 1990 10-K report.

Agreement (signed by Registrant on February 5, 1991) between Registrant and North Lily Mining Company, a copy of which was filed with the Commission by Registrant as part of its 1990 10-K report.

"(11)" Not applicable

"(12)" Not applicable

"(13)" Not yet furnished to security holders as of filing date of this Report.

"(18)" Not applicable

"(19)" Not applicable

"(22)" Not applicable

"(23)" Not applicable

"(24)" Not applicable

"(25)" Not applicable

"(28)" Registrant's Amended Complaint against Sunshine and Drexel Burnham filed in the United States District Court, District of Utah, Central Division (NO.89-C-523-W) and Press Release issued by Registrant on June 7, 1989 relating to the Complaint. Registrant hereby incorporates by reference the said Amended Complaint and the Press Release, copies of which were filed with the Commission by Registrant as part of its Form 8-K dated June 20, 1989.

Registrant's Complaint against Sunshine filed in the District Court of the Fourth Judicial District in Utah County, State of Utah (No. 900400467CN), a copy of which is annexed hereto as "Exhibit A".

"(29)" Not applicable

(b) Reports filed on Form 8-K:
None

(c) See "(a)" above.

(d) The Financial Statements described at "(a)(1) and (a)(2)" above are annexed to this Report.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHIEF CONSOLIDATED MINING COMPANY

By /s/ Leonard Weitz
Leonard Weitz, President and a Director

Date March 27, 1992

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By /s/ Edward R. Schwartz
Edward R. Schwartz, Secretary-Treasurer
and a Director

Date March 27, 1992

By /s/ James Callery
James Callery, a Director

Date March 27, 1992



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INDEPENDENT AUDITORS' REPORT

Chief Consolidated Mining Company:

We have audited the accompanying consolidated financial statements of Chief Consolidated Mining Company and its subsidiary, listed in Item 8 herein. These financial statements and the financial statement schedules discussed below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Companies at December 31, 1991 and 1990 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

Our audits also comprehended the financial statement schedules listed in Item 8 herein. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information shown therein.

Deloitte + Touche

March 27, 1992

CONSOLIDATED BALANCE SHEETS, DECEMBER 31, 1991 AND 1990

See Notes to Consolidated Financial Statements.

CHIEF CONSOLIDATED MINING COMPANY
AND CONSOLIDATED SUBSIDIARY

STATEMENTS OF CONSOLIDATED OPERATIONS
FOR THE THREE YEARS ENDED DECEMBER 31, 1991

	1991	1990	1989
REVENUE:			
Royalties.....	\$282,250	\$254,254	\$328,084
Interest.....	30,747	75,151	101,027
Gain on sale of mining stock.....	-	-	46,815
Total.....	312,997	329,405	475,926
EXPENSES:			
General and administrative.....	396,359	388,041	366,792
Litigation (Note 8).....	124,153	292,494	318,123
Exploration drilling costs.....	-	-	9,337
Royalties.....	22,667	22,667	22,667
Depreciation.....	23	7,520	7,520
Taxes other than income taxes.....	18,567	27,855	18,729
Total.....	561,769	738,577	743,168
NET LOSS.....	\$248,772	\$409,172	\$267,242
NET LOSS PER SHARE (Note 6).....	\$.07	\$.11	\$.08

See Notes to Consolidated Financial Statements.

CHIEF CONSOLIDATED MINING COMPANY
AND CONSOLIDATED SUBSIDIARY

STATEMENTS OF CONSOLIDATED CASH FLOWS
FOR THE THREE YEARS ENDED DECEMBER 31, 1991

	1991	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss.....	\$(248,772)	\$(409,172)	\$(267,242)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation.....	23	7,520	7,520
Deferred revenues.....	-	-	(55,000)
Legal services settled by issuance of stock (Note 3).....	-	-	79,575
Gain on sale of mining stock (Note 1).....	-	-	(46,815)
Change in assets and liabilities:			
Decrease (increase) in accounts receivable...	13,064	10,079	(7,519)
Decrease (increase) in other assets.....	11,259	251	(11,774)
Decrease in note receivable.....	42,500	-	-
Increase (decrease) in accounts payable and accrued expenses.....	(207,470)	107,015	100,510
Net cash used in operating activities.....	<u>(389,396)</u>	<u>(284,307)</u>	<u>(200,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in U.S. Treasury Bills.....	381,596	299,952	79,478
Increase in advances to affiliates.....	(3,209)	(3,561)	(300)
Cash received on sale of mining stock (Note 1)...	-	-	63,690
Purchase of mining claims and property.....	-	-	(941)
Decrease in mortgages receivable.....	327	768	705
Net cash provided by investing activities.....	<u>378,714</u>	<u>297,159</u>	<u>142,632</u>
CASH FLOWS FROM FINANCING ACTIVITIES - (Decrease)			
in note payable.....	<u>(5,052)</u>	<u>(3,565)</u>	<u>(3,566)</u>
NET INCREASE (DECREASE) IN CASH.....	(15,734)	9,287	(61,679)
CASH AT BEGINNING OF YEAR.....	<u>25,909</u>	<u>16,622</u>	<u>78,301</u>
CASH AT END OF YEAR.....	<u>\$ 10,175</u>	<u>\$ 25,909</u>	<u>\$ 16,622</u>

See Notes to Consolidated Financial Statements.

CHIEF CONSOLIDATED MINING COMPANY
AND CONSOLIDATED SUBSIDIARY

STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE YEARS ENDED DECEMBER 31, 1991

	PREFERREDSTOCK.....	COMMON STOCK.....			
	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT	CAPITAL SURPLUS	DEFICIT
BALANCE, JANUARY 1, 1989.....	7,987	\$3,994	3,441,729	\$1,720,864	\$4,061,524	\$(2,184,856)
ISSUANCE OF COMMON STOCK (Note 3).....			16,000	8,000	71,575	
ISSUANCE OF COMMON STOCK FOR PREFERRED STOCK (Note 3).....	(146)	(73)	146	73		
NET LOSS.....						(267,242)
BALANCE, DECEMBER 31, 1989.....	7,841	3,921	3,457,875	1,728,937	4,133,099	(2,452,098)
ISSUANCE OF COMMON STOCK.....			460	230	(230)	
ISSUANCE OF COMMON STOCK FOR PREFERRED STOCK (Note 3).....	(119)	(60)	119	60		
NET LOSS.....						(409,172)
BALANCE, DECEMBER 31, 1990.....	7,722	3,861	3,458,454	1,729,227	4,132,869	(2,861,270)
ISSUANCE OF COMMON STOCK FOR PREFERRED STOCK (Note 3).....	(321)	(160)	321	160		
NET LOSS.....						(248,772)
BALANCE, DECEMBER 31, 1991.....	<u>7,401</u>	<u>\$3,701</u>	<u>3,458,775</u>	<u>\$1,729,387</u>	<u>\$4,132,869</u>	<u>\$(3,110,042)</u>

See Notes to Consolidated Financial Statements.

CHIEF CONSOLIDATED MINING COMPANY
AND CONSOLIDATED SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Chief Consolidated Mining Company (the "Company") is a corporation formed under the laws of Arizona. The accompanying consolidated financial statements include the accounts of the Company and Eagle & Blue Bell Mining Company, a 99 percent owned subsidiary.

The Company's carrying value of its three investments in common stocks of affiliates (unconsolidated subsidiaries), all of which are presently inactive and none of which are material, is approximately equal to its equity in the net assets thereof. The Company also has an equity investment in another inactive company. In the opinion of management, there has been no permanent impairment of the Company's net investment in these unconsolidated subsidiaries and equity investee.

Statement of Cash Flows

During 1991, 1990 and 1989, the Company paid interest of \$1,214, \$1,344 and \$1,344, respectively. See Note 3 for non-cash transactions.

Fixed Assets

The Company is the owner of approximately 14,200 acres of patented mining ground in the Tintic Mining District, Juab and Utah Counties, Utah and unpatented mining claims covering approximately 1,500 acres adjacent to its patented properties and holds a minerals lease from the State of Utah for an additional 532 acres. The Company leases mining rights to 1,387 acres of its patented mining ground to Sunshine Mining Company ("Sunshine").

Unit Lease

Under a Unit Lease and Agreement dated August 1956 (the "Unit Lease"), the Company, together with four other co-lessors, leased a total of 10,711 acres to Kennecott Corporation ("Kennecott") including 4,733 of the Company's acres.

Including the Burgin Mine, 1,387 acres were removed from the Unit Lease by amendment in 1978 and leased by the Company to Sunshine under a mining lease dated October 15, 1980. See "Sunshine's Burgin Lease" below.

By amendment in October 1982, 2,013 acres, including the Homansville Fault area, were removed from the Unit Lease.

In December 1982, Kennecott ceased mining activities on the remaining lease property under the Unit Lease and continued its production from the leased property using ore previously mined and stockpiled. In April 1983, Kennecott sold its interest as lessee in the Unit Lease to HMC Mining, Inc. ("HMC") and in June 1983, Sunshine acquired HMC and became the lessee under the Unit Lease. The term of the Unit Lease is to 2006 unless sooner terminated by Sunshine. Sunshine has the right to renew the lease for an additional fifty years to 2056.

In October 1985, the Company acquired from AMAX Arizona, Inc. 3,185 acres of mining property and all of its interest in the Unit Lease and 532 acres under lease from the State of Utah which were assigned to the Company by AMAX Arizona Inc.

Sunshine's Burgin Lease

On October 15, 1980, the Company leased the aforementioned acres including the Burgin Mine to Sunshine. The Lease is for an initial term of fifty years to 2030 unless sooner terminated by Sunshine. Sunshine has the right to renew the lease.

Western Lease

On December 29, 1986, the Company leased to Western the underground mining rights to approximately 5,000 acres of property in the Main Tintic Mining District of Utah. Effective December 31, 1989, the lease was terminated.

Depletion and Depreciation

No mineral depletion provisions have been made subsequent to July 15, 1978 as a result of Kennecott's termination of mining from the Burgin Mine and the removal of the Burgin Mine from its lease. Sunshine has not initiated production from the Burgin Mine.

Provision for depreciation has been computed at various straight-line rates, ranging from 3 to 20 percent, based on the estimated useful lives of the assets.

Recognition of Revenue

Unit Lease

Under the current provisions of the Unit Lease, monthly earned royalties payable by Sunshine to the lessors are to equal 7 1/2 percent of Sunshine's monthly net smelter returns from the leased property.

If in any year Sunshine's net smelter returns exceed \$25 million, the royalty percentage will be increased to 10 percent of net smelter returns for such year (the "additional royalty"). The Company's share of such royalties is 5.8 percent of Sunshine's net smelter returns (7.7 percent if the 10 percent royalty is applicable) on ore mined from the Company's property and 4.1 percent of Sunshine's net smelter returns (5.4 percent if the 10 percent royalty is applicable) on ore mined from the property of the co-lessors. Under an agreement dated October 1, 1982, the Company and its co-lessors under the Unit Lease agreed to a redivision of royalties between them if royalties payable by lessee under the Unit Lease during a lease year do not exceed \$56,000. If such redivision provision is applicable, the Company's share of said annual royalty is to be scaled down depending upon the amount of the total royalties. The maximum possible reduction in the Company's royalty income in any single year is \$6,000.

During the years ended December 31, 1991, 1990 and 1989, the Company's royalties from Sunshine under the Unit Lease totaled \$108,102, \$168,037 and \$152,045, respectively.

Sunshine's Burgin Lease

Sunshine's Burgin Lease provides that Sunshine pay the Company advance royalties of \$100,000 per annum until Sunshine begins commercial production of ore. The 1991, 1990 and 1989 royalty payments were received and recognized in the respective years.

Once commercial production has begun the Company will receive the greater of 7-1/2 percent of Sunshine's annual net smelter returns from production or \$150,000 per annum. Advance royalties will be credited against future earned royalties on a formula basis as defined in the lease. Under the terms of the June 1978 amendment to the Unit Lease, so long as the Unit Lease remains in effect the Company is obligated to pay an amount equal to 22.2 percent of the royalties from Sunshine's Burgin Lease to the Company's co-lessors under the Unit Lease.

5. INCOME TAXES

Net operating loss carryforwards are available for Federal income tax purposes for fifteen years from the year of loss, in the following approximate amounts:

<u>Year of Loss</u>	<u>Amount</u>
1976.....	\$ 100,600
1977.....	133,200
1978.....	76,200
1979.....	19,900
1980.....	80,100
1983.....	161,500
1984.....	246,800
1985.....	192,800
1986.....	274,300
1987.....	189,300
1988.....	138,600
1989.....	267,200
1990.....	409,172
1991.....	<u>248,772</u>
Total.....	<u>\$2,538,444</u>

6. NET LOSS PER SHARE

Net loss per share amounts are based on the weighted average number of shares of preferred and common stock outstanding during each year. No effect has been given to shares under option in the computation of net loss per share because they would be antidilutive to the computation.

7. LEASE COMMITMENT

Rent expense for office space amounted to approximately \$29,461, \$32,214 and \$28,453 for 1991, 1990 and 1989 , respectively. The Company currently has no lease obligation greater than one year.

8. LITIGATION

The Company is currently a plaintiff in lawsuits described in Item 3 - "Legal Proceedings."

CHIEF CONSOLIDATED MINING COMPANY
AND CONSOLIDATED SUBSIDIARY

MARKETABLE SECURITIES - OTHER SECURITY INVESTMENTS,
 DECEMBER 31, 1991

NAME AND ISSUER AND TITLE OF EACH ISSUE	PRINCIPAL AMOUNT OF BILLS AND NUMBER OF COMMON SHARES	COST OF EACH ISSUE	MARKET VALUE OF EACH ISSUE AT BALANCE SHEET DATE	AMOUNT AT WHICH EACH PORTFOLIO OF EQUITY SECURITY ISSUES AND EACH OTHER SECURITY ISSUE CARRIED IN THE BALANCE SHEET
United States Government - Treasury Bills.....	<u>\$350,000</u>	<u>\$348,489</u>	<u>\$349,209</u>	<u>\$348,489</u>

Diamond's Mine Dumps and Mill Tailings Lease

As a result of the termination of a lease, the Company received shares of Centurion Mines Corporation, with a market value of \$16,875 when received. During 1989, the Company sold its shares of Centurion Mining Corporation resulting in a gain of \$46,815.

2. NOTE RECEIVABLE - RELATED PARTY

In September 1981, the Board of Directors approved a loan of \$42,500 to an officer-director of the Company. In May 1986, the Board of Directors extended the maturity date of the note for five years from September 30, 1986 to September 30, 1991. In 1991, the Company entered into an agreement with the officer-director, whereby the Company cancelled the note in exchange for the officer-director waiving his rights to annual increases under an employment contract. See Item 11 - "Executive Compensation". The note bore interest at the variable rate of interest that was imputed under the Internal Revenue Service Code.

3. CAPITAL STRUCTURE

The Board of Directors of the Company has authorized the issuance, at the stockholders' option, of common stock in exchange for preferred stock on a share for share basis. The preferred shares obtained in the exchange have been retired.

The shares of preferred stock and common stock of the Company are equal in the right to receive dividend, to vote, and in all other respects except that upon liquidation the preferred shares are entitled to a preferential payment of \$.50 per share.

On November 21, 1989, the Company authorized the issuance of its \$.50 par common stock at a rate of \$5 per share for payment of legal services of \$79,575 rendered during the period June 1, 1989 through December 31, 1989. The mean market price on the Pacific Stock Exchange for the Company's common stock on November 20, 1989 was \$5.25 per share.

4. STOCK OPTIONS

In June 1982, the shareholders approved an Incentive Stock Option Plan (the "Plan") for key employees which would provide for the Board of Directors to grant options to purchase up to 100,000 shares of the Company's common stock, with a maximum grant to purchase 40,000 shares for each key employee. The option price for the shares under option shall be not less than 100 percent of the market price of the stock at the date of grant.

The Board of Directors granted options under the Plan to each of the two officer-directors of the Company as follows: 13,000 shares each in 1981 and 7,000 shares each in 1982, all at \$7.56

per share. In May 1984, the Board of Directors issued options to purchase 10,000 shares to its President and 5,000 shares to each of its two non-officer employees at \$8.625 per share. In May 1985, the Board of Directors issued options to purchase 5,000 shares to each of its non-officer employees at \$5.125 per share. In May 1986, the Board of Directors issued options to purchase 17,500 shares to each of the two officer-directors at \$5.625 per share. In May 1987, the Board of Directors issued stock options to purchase 2,500 shares to each of the two officer-directors at \$6.50 per share. In November 1989, the Board of Directors issued options to purchase 20,000 shares to its President at \$5.4375 per share. On November 14, 1990, the Board of Directors authorized the cancellation of the outstanding incentive stock options and authorized their replacement with new options at the current market price. At December 31, 1991, options to purchase 60,000 shares under the Plan were outstanding, exercisable at \$2.50 per share, expiring on November 14, 1995.

In June 1983, the shareholders also approved the issuance of non-qualified stock options to purchase 20,000 shares to each of three outside directors at \$7.56 per share. In May 1984, the Board of Directors approved the grant of nonqualified stock options to purchase 10,000 shares to each of the Company's then five directors at \$8.625 per share. In May 1985, options for 40,000 shares were re-issued at an option price of \$5.125. In 1984, one of the directors died and, accordingly, such Director's 20,000 options expired in 1985 (one year after date of death). In May 1986, the Board of Directors approved the grant of nonqualified stock options to purchase 40,000 shares to each of the outside directors and 20,000 shares to each of the officer-directors, all at \$5.625 per share. In May 1988, the Board of Directors approved the grant of a nonqualified stock option to purchase 25,000 shares to a newly elected outside director at \$6.875 per share. In September 1990, the Board of Directors approved the grant of nonqualified stock options to purchase 25,000 shares to each of the two outside directors. On November 14, 1990, the Board of Directors authorized, subject to shareholder approval, the issuance of nonqualified stock options to purchase 185,000 shares. Such awards are intended to replace existing awards and reduce the options' exercise price to the November 14, 1990 stock price of \$2.50 and extend the options lives to November 14, 2000. At December 31, 1991, nonqualified stock options to purchase a total of 135,000 shares were outstanding.

CHIEF CONSOLIDATED MINING COMPANY
AND CONSOLIDATED SUBSIDIARY

PROPERTY, PLANT AND EQUIPMENT
FOR THE THREE YEARS ENDED DECEMBER 31, 1991

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIRE- MENTS OR SALES	BALANCE AT END OF YEAR
1989:				
Machinery and equipment	\$ 34,300			\$ 33,300
Buildings.....	38,618			38,618
TOTAL.....	\$ 72,918			\$ 72,918
Mining claims and pro- perty (1).....	\$4,138,716	\$941		\$4,139,657
1990:				
Machinery and equipment	\$ 34,300			\$ 34,300
Buildings.....	38,618			38,618
TOTAL.....	\$ 72,918			\$ 72,918
Mining claims and pro- perty (1).....	\$4,139,657			\$4,139,657
1991:				
Machinery and equipment	\$ 34,300	-	\$17,762	\$ 16,538
Buildings.....	38,618	-	-	38,618
TOTAL.....	\$ 72,918	-	\$17,762	\$ 55,156
Mining claims and pro- perty (1).....	\$4,139,657		-	\$4,139,657

(1) Included in mining claims and property are capitalized development costs in the amount of \$326,090.

CHIEF CONSOLIDATED MINING COMPANY
AND CONSOLIDATED SUBSIDIARY

ACCUMULATED DEPRECIATION AND DEPLETION
OF PROPERTY, PLANT AND EQUIPMENT
FOR THE THREE YEARS ENDED DECEMBER 31, 1991

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	CHARGED TO INCOME	RETIRE- MENTS, RENEWALS, AND REPLACE- MENTS	BALANCE AT END OF YEAR
1989:				
Accumulated depreciation:				
Machinery and equipment	\$ 19,989	\$5,920		\$ 25,909
Buildings.....	37,392	1,600		38,992
TOTAL.....	<u>\$ 57,381</u>	<u>\$7,520</u>		<u>\$ 64,901</u>
Accumulated depletion - mining claims and property.....	<u>\$1,927,799</u>			<u>\$1,927,799</u>
1990:				
Accumulated depreciation:				
Machinery and equipment	\$ 26,983	\$5,920		\$32,903
Buildings.....	37,918	1,600		39,518
TOTAL.....	<u>\$ 64,901</u>	<u>\$7,520</u>		<u>\$ 72,421</u>
Accumulated depletion - mining claims and property.....	<u>\$1,927,799</u>	-		<u>\$1,927,799</u>
1991:				
Accumulated depreciation:				
Machinery and equipment	\$ 31,302	\$ 23	\$17,762	\$ 13,563
Buildings.....	41,119	-	-	41,119
TOTAL.....	<u>\$ 72,421</u>	<u>\$ 23</u>	<u>\$17,762</u>	<u>\$ 54,682</u>
Accumulated depletion - mining claims and property.....	<u>\$1,927,799</u>	-	-	<u>\$1,927,799</u>

Board of Directors

James Callery

*Investments (Primipally Oil,
Gas and Farming)*

Michael F.K. Carter

Financial Consultant

Edward R. Schwartz

Treasurer and Secretary of Chief; Sales Consultant

Leonard Weitz

Chairman of the Board and President of Chief

Executive Officers

Leonard Weitz

Chairman of the Board and President

Edward R. Schwartz

Treasurer and Secretary

Manager Mining Properties

Adren Underwood

TRANSFER AGENT & REGISTRAR

*FIRST INTERSTATE BANK, Ltd.
26610 West Agoura Road
Calabasas, California 91302*

AUDITORS

*Deloitte & Touche
One World Trade Center
New York, N.Y. 10048*

ANNUAL MEETING OF SHAREHOLDERS

The 1992 meeting of shareholders will be held later this year. Shareholders will receive notice and proxy material prior to the meeting.